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ALBANIA

FACT SHEET

Energy



USAID's ERRP program is restructuring the energy sector based on market economy principles and modern energy policies.

Projects

- **Energy Restoration and Restructuring Program (ERRP)**
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CURRENT SITUATION

While important improvements have been achieved in the power sector in recent years, Albania is still facing many serious challenges that could impede the progress toward the goal of reliable and affordable electricity supply. The World Bank estimates that over the next 15 years \$1.1B in capital investment will be required to rehabilitate and upgrade the sector. If Albania is not able to attract these investments its economic growth, population's quality of life and political stability will be threatened.

Albania faces an unreliable electricity supply and irrational electricity tariffs. System losses are above 35 percent, and households, which pay an artificially low tariff, account for over 60 percent of electricity consumption.

PROGRAM OVERVIEW

The Energy Restoration and Restructuring Program (ERRP) assists the Government of Albania in implementing the National Energy Strategy Action Plan, particularly in the areas of regulatory capacity building and transparency; the development of an open and transparent Albanian Energy Market; Albania's participation in the Southeast European Regional Energy Market (REM); and compliance with The Treaty of Southeast Europe Energy Community and European Union Directives. The Government of Albania is expected to formally adopt full cost-of-service based tariff mechanisms and initiate the reduction of subsidization and cross-subsidization of electricity prices.

PROGRAM FOCUS

- Restructuring the energy sector based on market economy principles and modern energy policies and practices;
- Establishment of an independent and transparent Energy Regulatory Entity;
- Unbundling the energy monopoly into separate generation, transmission and distribution entities and eventually privatizing the energy sector;
- Supporting the Government of Albania efforts to become a member of the Southeast European Regional Energy Market.

SUCCESSSES

- Adoption of a National Energy Strategy (NES), a Power Sector Law and an Energy Efficiency Law by the Government of Albania;
- Establishment of the Energy Regulatory Entity as a self-regulating and self-financing entity;
- Introduction of cost-of-service based tariff mechanisms;
- Adoption of the legal framework that is required for the Southeast European Regional Energy Market integration.